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broker, agent and interested parties for settlement of the trade.

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(Amended) The method of claim 2/2 in which the step of storing information in the standing instruction database comprises the storing of (i) records for [the] internal customer account numbers of the institution's accounts and [the] corresponding internal account numbers used by the broker for those accounts and (ii) a record to link those internal account numbers and the step of generating a confirmation and comprises the further step of (i) accessing the record that links the internal account records and (ii) accessing the internal account number records based on that link.

Remarks

I. INTRODUCTION:

Reconsideration and allowance of the captioned application is respectfully requested. Claims 1-9 and 12-36 are pending in the above-identified application, with claims 10 and 11 having been hereby canceled without prejudice, and claims 4, 9, 14, 29 and 30 having been hereby amended. No new matter has been added.

II. THE REJECTION OF CLAIMS 4 AND 30 UNDER 35 U.S.C. § 112, SECOND PARAGRAPH, SHOULD BE WITHDRAWN

Claims 4 and 30 stand rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which the applicant regards as the invention. It is respectfully submitted that this rejection should be withdrawn in view of the following remarks.

The Examiner states that there is insufficient antecedent basis in claims 4 and 30 for the limitation of "records for the internal customer account numbers". The



claims have been appropriately amended.

Accordingly, it is respectfully submitted that the rejection of claims 4 and 30 under 35 U.S.C. § 112, second paragraph, has been overcome.

III. THE REJECTION OF CLAIMS 1-36 UNDER 35 U.S.C. \$103(a) SHOULD BE WITHDRAWN

Claims 1-36 stand rejected under 35 U.S.C. §103(a) as being unpatentable over the Proposed Rule Change filed with the Securities and Exchange Commission (S.E.C.), File No. SR-DTC-93-7, by the Depository Trust Company ("the Depository Trust Company filing" in view of U.S. Patent No. 5,497,317 to Hawkins et al. ("the Hawkins et al. patent"). It is respectfully submitted that this rejection should be withdrawn in view of the following remarks.

In order for a claim to be rejected for obviousness under § 103, the prior art must teach or suggest each element of the claim and suggest combining the elements in the manner contemplated by the claim. See Northern Telecom, Inc. v. Datapoint Corp., 908 F.2d 931, 934 (Fed. Cir.), cert. denied 111 S.Ct. 296 (1990); In re Bond, 910 F.2d 831, 834 (Fed. Cir. 1990).

Claim 1 recites the following:

- . . . a processing computer within the computer system, which is coupled to the standing instruction database and which is configured to:
 - i. receive a communication from a broker containing notice of order execution information (a broker communication);
 - ii. receive a communication from the
 institution containing institution
 allocation instruction information (an
 institution communication);
 - iii. match, at the processing computer, the institution communication with the broker communication based on information contained in both communications

Claims 9, 12, 14, 21 and 31 recite similar subject matter. Claims 2-8, 15-20 and 32 depend from claims 1, 14 and 31, respectively.

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6 Also, claim 22 recites a method including the following steps: . . . receiving a communication from the broker containing the notice of order execution information (a broker communication); receiving a communication from the institution containing institution allocation instruction information (an institution communication); c. matching the institution communication with the broker communication based on information contained in both communications. . . Claim 29 recites similar subject matter. Claims 23-28 and claim 30 depend from claims 22 and 29, respectively. The present invention relates to an enhanced matching system which facilitates settlement of a securities trade by obtaining agreement as to the details of that securities trade in fewer steps than previously needed. enhanced matching system can be referred to as "Matching II". Matching II allows for fewer steps in the trade settlement process by matching of information contained in the notice of execution (NOE), sent by the broker to the institution, to the institution allocation instruction (II), sent in reply by the institution to the broker. See Specification, page 20, lines 1, to page 29, line 2. The <u>Depository Trust Company</u> filing, on the other hand, neither teaches nor suggests, and in fact teaches away from, matching of information in the NOE and the II. Rather, in the Depository Trust Company filing, trade settlement instructions (i.e., trade input) is input after trade execution and during the trade settlement process. The system matches that trade input to the II. See the Depository Trust Company filing, page 20, lines 5-6. This system facilitates trade settlement only by reducing the number of steps related to the traditional confirmation/affirmation process of the trade settlement. Such a trade settlement system can be referred to as "Matching I". In Matching I, upon a trade execution, a NOE is sent

For at least these reasons, it is respectfully submitted that the <u>Depository Trust Company</u> filing does not teach and the <u>Hawkins et al.</u> patent, alone or combined, renders obvious the subject matter of any of claims 1-9, 12 and 14-32.

institution. The Hawkins et al. patent does not cure this

deficiency of the Depository Trust Company filing.

Furthermore, claim 13 recites the following:

In a computerized communication system used to exchange communications between a broker and an institution in the settlement of a securities trade:

- a. a broker communication containing data within data fields designated by: institution identification number; broker identification number; security identification number; buy/sell code; number of shares or face value; settlement amount; trade date; and settlement date,
- b. an institution communication containing

data within data fields designated by: institution identification number; broker identification number; security identification number; buy/sell code; number of shares or face value; settlement amount; trade date; and settlement date, and

c. a computer processor which compares the data within data fields of the broker communication with the data within data fields of the institution communication and if the data matches, generates a confirmation for the trade and makes that confirmation available from the computer processor to the institution, broker, agent and interested parties for the settlement of the trade.

Each of the fields recited in connection with the broker communication and the institution communication are fields from a notice of executed order and an institution allocation instructions. Thus, arguments made above in connection with claims 1-9, 12 and 14-32 and the <u>Depository Trust Company</u> filing and the <u>Hawkins et al.</u> patent apply equally to claim 13. Accordingly, neither the Depository Trust Company filing nor the Hawkins et al. patent renders obvious the subject matter of claims 13.

Furthermore, claim 1 recites the following:

a standing instructions database containing sets of instructions for trade settlement previously input by the institution, the broker, and the agent.

Claims 14, 21, 29 and 31 recite similar subject matter.
Claims 2-8, 15-20, 30 and 32 depend from claims 1, 14, 29 and 31, respectively.

In accordance with the present invention, Matching II, as recited in claims 1, 14, 21, 29 and 31, allows parties to the trade (i.e., the broker, institution and/or agent) to input sets of instructions for trade settlements into the standing instructions database (SID) at a time <u>before</u> the trade and/or the trade settlement processes occur. See Specification, page 13, line 15, to page 18, line 19.

Building upon such previous input of the trade settlement information by the parties, Matching II, as recited in claims 1, 14, 21, 29 and 31, upon a match of information contained in the NOE and II, generates a confirmation based upon that matched information and the trade settlement information. Specification, page 20, lines 4-8, and page 32, line 6, to page 34, line 20. In particular, claims 1, 21, 29 and 31 recite "if there is a match, generating a confirmation for the trade based on information contained in the broker communication, information contained in the institution communication and information stored in the standing instructions database, " and claim 14 recites "the trade confirmation communications system further comprised to generate a confirmation based on information within the received communication and information stored within the standing instruction database."

Thus in Matching II, upon a trade execution, a notice of execution (NOE) is sent by the broker to the institution via the processing computer. Upon receipt of the NOE by the institution, the institution sends an institution allocation instruction (II) to the broker, again via the processing computer. At this point, the processing computer matches the information contained in each communication (i.e., the NOE and the II) and, if there is a match, generates a confirmation based on the information contained in each of the two communications and, if necessary, the information previously stored in the SID by the parties to the trade (i.e., the instructions for the trade settlement). In this manner then, the parties to the trade can immediately effect an exchange of funds and securities (i.e., trade settlement) according to the delivery instructions set forth in the confirmation.

The <u>Depository Trust Company</u> filing, on the other hand, neither teaches nor suggests, and in fact teaches away from, matching of information in the NOE and the II, input of trade settlement instructions before trade execution, and the

subsequent addition of that information to the confirmation. Rather, the <u>Depository Trust Company</u> filing still requires input of trade settlement instructions (i.e., trade input) after trade execution and during the trade settlement process, matches that trade input to the II, and facilitates trade settlement by reducing the number of steps related to the traditional confirmation/affirmation process of the trade settlement.

As noted above, in Matching I, upon a trade execution, a NOE is sent from the broker to the institution via the Depository Trust Company (DTC). Upon receipt of the NOE by the institution, the institution sends an II to the broker, again via the DTC. At this point, the broker must enter trade settlement instructions (i.e., the trade input) for the trade and send them to the DTC. See the Depository Trust Company filing, page 19, line 30 to page 20 line 3. This step is required by Matching I as the DTC then matches this information to the II. See the Depository Trust Company filing, page 20, lines 5-6, and page 50, lines 3-4. If a match occurs, the DTC sends either a "matched affirmed" or "matched" confirmation, thus supplanting the traditional confirmation/ affirmation process. See the Depository Trust Company filing, page 20, lines 6-12, and page 50, lines 11-15. The <u>Hawkins et al.</u> patent in no way cures the above mentioned deficiencies. It is respectfully submitted that neither the Depository Trust Company file, nor the Hawkins et al. patent, alone or combined, render obvious the subject matter of any of claims 1-8, 14-21 and 29-31, for these additional reasons.

IV. <u>CONCLUSION</u>

In light of the above remarks it is respectfully submitted that all of the pending claims are allowable. All issues raised by the Examiner having been addressed, an early and favorable action on the merits is earnestly solicited.

Respectfully submitted,

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ву:

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